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UNIDO POLICIES

MEDIUM-TERM PLAN, 1994-1999

Future policy framework of UNIDO in accordance with medium-term plan priority areas and resource projections

Report by the Director-General

Summary

In response to decision IDB.9/Dec.2, paragraph (e)(ii), reports on the current status of drawing up a future policy framework for UNIDO in accordance with medium-term plan priority areas and resource projections.

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Introduction

1. In paragraph (e)(ii) of its decision IDB.9/Dec.2 on UNIDO policies, the Industrial Development Board requested the Director-General to present to the Board at its eleventh session a clear enunciation of UNIDO future policy framework in accordance with medium-term plan priority area and resource projections. The present document addresses that issue in the wake of the recent changes facing Member States and the Organization.

I. THE CHANGING ENVIRONMENT

2. As pointed out in the introduction to the draft medium-term plan for 1994-1999 (IDB.10/5), certain politico-economic trends are clearly emerging in many parts of the world, the most noteworthy of which are the shift towards democratization and a pluralist society in many developing countries, particularly those in Africa, and the introduction of market economy principles in the countries of Eastern and Central Europe. The evolving nature of international economic relationships will itself be increasingly determined by a host of different factors. These range from the aftermath of political retrenchment and possible changes in military spending, to shifts in the international trading system, the globalization of industry, the regionalization of markets and changes in the pattern of industrial production - away from energy-intensive and materials-based productive processes to increasingly flexible information- or knowledge-based activities with corresponding changes in global productivity. At the same time, new product standards and environmental regulations in the industrialized countries will force changes in manufacturing processes and products in the developing countries.

3. The development paradigm of the past 40 years has lost its political and economic ability to raise funds. It is quite likely that traditional donors will continue to reduce the amount of their official development assistance as they face major socio-economic changes. Trade, economic and financial conditions in the Nordic countries, for example, are no longer as before. There has been a pronounced change in public attitudes and clear signs of development aid fatigue have set in. In the ultimate analysis, most of the developmental resources currently being raised are used to finance peace-making and peace-keeping activities, resulting in a lower level of resources for development programmes.

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4. These and other far-reaching changes sweeping through the global politico-economic scene have prompted the United Nations system to reassess its role in world affairs as well as the availability of funds for programming purposes. For some time now, a spirit of reform has become evident throughout the United Nations system. Proposals to strengthen the United Nations system continue to be made as the new Secretary-General puts into effect a series of steps to revitalize the United Nations Secretariat. Similar reform measures, including internal restructuring, are under way or under consideration in a number of specialized agencies to sharpen their technical edge in an increasingly competitive environment. UNIDO is keenly aware of these developments and has initiated the process of organizational and management reform in an endeavour to maintain and enhance its comparative advantage in the field of industrial development.

II. THE CHANGING ROLE OF UNIDO

5. Given that the demand for its services will vary from region to region, as well as from country to country, it is essential that UNIDO develop not only flexibility and capacity for change, while demonstrating increased efficiency and effectiveness, but also a thorough comprehension of country and regional needs. UNIDO must be, and demonstrably so, an organization capable of meeting the varied expectations of its clients.

6. The Director-General is taking steps to reform the programme and structure of UNIDO in the light of current economic industrial and technological developments hinted at above. As a first stage in that reform process, a Task Force has been set up to provide advice on the priorities to be established by UNIDO and on a matching organizational structure.

7. At the same time, informal consultations are being held with Member States by the President of the Board on the relative priorities of UNIDO within the context of the medium-term plan for 1994-1999. A report on those consultations will be submitted to the Board at its eleventh session.

8. A close symbiotic relationship exists between the two endeavours. In drawing up a structure for the Organization, the Task Force will be guided by the findings contained in the President's report, as discussion in the informal consultations on the priorities in the medium-term plan also covered the changing role of the Organization and openings for reform, as well as the comparative advantages of UNIDO and the levels of intervention.

9. These issues, together with the financial and human resource aspects, are of critical importance to the elaboration of a future policy framework for UNIDO. It thus follows that the elaboration of that framework and the definition of an organizational and staff structure have to proceed in tandem with the ultimate aim of restoring the relevance of the Organization to all Member States and increasing radically its efficiency.

III. ACTION REQUIRED OF THE BOARD

10. The Board may wish to consider the future policy framework of UNIDO in conjunction with the question of the organizational and staff structure (item 11 of the provisional agenda) and adopt an appropriate course of action with a view to facilitating the decision to be adopted by the General Conference at its fifth session on both issues (cf. Conference decision GC.4/Dec.22).